

MEETING SUMMARY #6
ANACORTES FERRY ADVISORY COMMITTEE PUBLIC MEETING
CITY HALL COUNCIL CHAMBERS, ANACORTES, WA
TUESDAY, APRIL 1, 2008 – 6:30 – 8:30 P.M.

Note: This meeting summary represents notes from the Ferry Advisory Committee public meeting, and is not a formal transcript or minutes. It is provided as a record for the staff and public in attendance and other interested parties.

Action items and responses

- Meet with Steve Rodrigues from the Kalakala Foundation
Meeting has been scheduled.
- Create a group of outside experts to consult with (“kitchen cabinet”)
Ferries Division is working on pulling a group together, including brainstorming possible participants.
- Refine LOS standards for northern routes considering amount of recreational traffic
Planning Department is incorporating this into ongoing Ferry Financing Legislation work.

Introduction

Anacortes FAC Chair Ian Munce, Anacortes Mayor Dean Maxwell

Ian Munce, Anacortes FAC Chair, welcomed everyone and recognized attendees: FAC members, city council members, and port commissioners. Ian encouraged people to submit comment forms. Dean Maxwell, Anacortes Mayor, introduced David Moseley and said the ferry system has done a good job even though it doesn't have many resources.

New Assistant Secretary, WSDOT Ferries Division

Assistant Secretary David Moseley

David thanked everyone for coming. He recognized attendees Phillip Parker and Dale Stedman from the Transportation Commission and Representatives Norma Smith and Jeff Morris. He introduced Ferries staff and said that we are taking notes that we will review and from which we will create a list of issues that are important to ferry-served communities.

He said moving forward involves restoring public trust and confidence in the system. The more progress people see, the more confidence they will have in the system. He said this was their opportunity to provide input, and we were primarily there to listen and establish a partnership and a dialogue with the FAC, ferry riders, and local elected officials. David talked about his background - 30 years in public service administration, but no maritime background. He said Paula Hammond selected him because WSDOT already has maritime experts and needs other qualities, too, including leadership, direction, forward thinking and management. This is only his 22nd day on the job, but he has clear priorities, including:

- 1) Build six new vessels on time and on budget. We had a blow to building the new boats last week - we opened the one bid we received and it was about \$9 million over our estimate. We will make a decision sometime this week whether or not we will proceed with that bid or pursue other options. It is definitely a setback in our goal of building boats, but that is still our goal.
- 2) Maintain the boats we have. We have to get through an intense period of maintenance required by the U.S. Coast Guard over the next 8 to 12 months with the least disruption to customers. The *Rhododendron* had a problem today, and we believe it will be fixed this evening. We have no back-up boats.
- 3) Work on the 2007 ferry financing legislation to look at a long-term sustainable future for the ferry system. This work is in progress and in partnership with the Transportation

Commission and the Joint Transportation Committee (JTC). The 2009 legislative session is really critical for the future of the ferry system. The capital side is a larger problem than the operational side.

- 4) Getting to know people in ferry-served communities, FACs, local elected officials, and customers. David has now visited almost every community and rode almost every route in the system. He provided his e-mail address and phone number to the group.

David said the way he approaches his work is like most managers: focus on the basics. At Ferries, this means ensuring that our boats are well-maintained and can provide reliable service. Establishing a culture like this provides a good basis to deal with the surprises that come up.

Public Questions and Comments¹

1. What is the status of the terminal project?
During the 2007-2009 biennium we are finishing up design, but there is no funding for construction. We hope go to construction in the next biennium. The project wandered for a bit, but now it's back where we want it. We expect to complete the design early this summer, and there will be a public process - we will submit for building permits. The design is well underway and we expect to complete it prior to the Legislative session. We will let the Legislature know that we have a project that can be built with available funds.
2. Is the terminal project still on the same schedule it was before?
It's behind schedule because of the redesign.
3. I assumed there were line items in the budget for ferries, but there weren't.
There are line items in the budget related to ferries, both operations and capital. The problem is that there is no long-term sustainable funding source. There has been a tendency to shift money from capital to operations. The MVET was substantial – it supported 22-23% of the operations budget and 40% of the capital budget. That went away in 1999, and we haven't had discussions on how to rebuild the long-term funding source. We're in a crisis now, but sometimes opportunity comes out of crisis. The Legislature has asked us to work on finding a sustainable long-term funding source.
4. The Anacortes terminal project was the only project in ferries that was ready to move forward. I want to make sure David understands that. We're excited about a new building because ours is in poor shape. When funding comes back, I hope we're still first in line.
David is aware of this issue and has been briefed by staff about the history of the project. We hope to construct it in the 2009-2011 biennium.
5. Does the terminal project's new design include space for customs clearance in Vancouver? Have there been negotiations with border patrol?
We have been in discussions with U.S. customs to have the customs clearance in Sidney. The Sidney terminal is now under B.C. ferries, and they are participating in the discussions. We have made space for temporary customs clearance in Anacortes until they can accommodate it in Sidney, but we are using space that's already there – we're not building space for it.
6. With the new ferries, since shipyards are full for a number of years, has there been discussion of suspension of Jones Act? Can we get access to federal capital dollars?
The Jones Act is a federal law and it does not provide an opportunity to solicit boats that are international – they are required to be domestically flagged. Our search for new vessels continues for the Port Townsend/Keystone route, or for back up for other routes, but the search is isolated to domestic sources. It is theoretically possible to amend the Jones Act. When David was Community Development Director in Seattle in the mid-1980s he worked for four years to get changes to the Jones Act. There are entrenched ideas about the provisions in the Jones Act, and it would be exceedingly difficult to change it. It would probably not be possible in the time period that we have. The Build in Washington legislation has very important economic goals for Washington State. That is

¹ Public participants are named if they identified themselves clearly or were already known by WSDOT staff. Those not named did not clearly identify themselves and were not identifiable by WSDOT staff.

the law we abide by. It would be better if we had three or four shipyards bidding on our work but we only had one.

7. I have spent 25 years in the Coast Guard, and I know it is nearly impossible to get changes to the Jones Act. Boeing just lost a contract to a company outside the U.S. What would that say if we purchased ferries from outside the U.S.?
8. Dave Crawford said he had six questions. 1. What happened to the \$200 million in 2003 for ferries? He heard that some of the money bought engines. 2. When the overpasses in California collapsed during the earthquake, their DOT went to contractors and said if you rebuild the bridges quickly, we'll give you a bonus – I think that happened. Have you considered that?
The \$200 million is part of a contract we have with Todd Shipyard for the 144-car boats. Those boats are in the design process, and we anticipate completion of the design early next year. We are not familiar with the occurrence in California. We are on a hiatus right now with the Steilacoom II style ferry because of the high bid. We will have a lot of discussions on how we get boats built as quickly as we can with the budget we have.
9. What is the status of facilities for expanding your capability to keep the boats afloat?
One of the challenges we have is available drydock space. The shipyards are busy. Thinking outside the box, the Navy shipyard in Bremerton may have vacant space – maybe we could see if we can use it. Personnel to do this work is also a problem. There is an apprenticeship program as part of the bid. A lot of shipbuilders are aging. Dakota Creek here in Anacortes provides excellent service for us. Maintaining the shipbuilding industry is important.
10. Steve Rodrigues commented that we are not just paying for new ferries, there is another price for the fleet of six vessels on the table. He made comments about image, glory, and pride. The new ferries are a forced design.
Steve is from the Kalakala Foundation and we will be meeting with him later this month. We didn't have a good experience with 80 year old boats.
11. Dave Crawford said that the farebox recovery for King County Metro and Sound Transit is 15 to 18% for buses and trains. Ferries are paying way more than that.
Farebox recovery in the ferry system is a little above 70% - much higher than any other transit agency. It used to be closer to 80% until the spike in gas prices
12. Dave Crawford said after I-695 passed, he bought a motorhome in 2000 that he wouldn't have bought if I-695 hadn't passed. He paid \$12,000 in sales tax. The Legislature needs to know where the money is coming from that they wouldn't be getting otherwise.
We have to balance our budget. When asking for additional revenue, we have to justify expenditures. Voters have the right to say what level of taxes they want to pay. The consequences affected local governments, and the ferry system consequence was very difficult.
13. I am from the Kalakala Foundation and we are trying to save boats in Anacortes. There is a 1910 tugboat that was listed on Craig's List for free. We want to put one of the old boats by the ferry dock and paint murals to greet people. If anyone is interested, please talk to me.
14. A FAC member commended the ferry staff. The FAC is generally about 10 people, and it is great to see everyone tonight. Ferries staff does great job. It is not an easy job.
15. Robin Pestarino asked about the idea of privatization of the ferry system, and asked David to address the feasibility of that.
The ferry system requires public subsidy at the rates we currently charge.
16. The ferries problems are part of a bigger problem: transportation. Would it be easier solve both problems at once or separately?
The problems are connected, but the Legislature recognizes a particular issue with ferries. We are proceeding with our efforts in ferries.
17. When Legislators come to you, the questions come from people in this room. You should consider having a group of outside experts including retired people with maritime experience and tap into that wealth by bouncing things off of them. It would make us feel better, too. I encourage you to set up that group ASAP.

David recalled that suggestion, and a “kitchen cabinet” is on our to-do list. We need to get through this period of getting out in the community, but that is on our radar.

Operational Issues

North Regional Operations Manager Jayne Davis

Jayne Davis introduced herself as the North Regional Operations Manager. She thanked the Mayor, FAC, and City Council for hosting the meeting. She said that this community is great to work with, and we can get a lot more done when we work together. The event on Sunday for opening the Sidney route was amazing. After two years of tough negotiations, the Legislature agreed that we should sign a short term agreement and continue discussions because we need a long term and more viable agreement. At Sidney some of the facilities have been upgraded. We are working with the community to market the route and get the numbers up.

There are capacity constraints, with the *Hiyu* running the inter-island route. It has been a strain on commercial traffic. We are working to use the *Chelan* for commercial traffic and to get capacity back up for mid-summer. The galleys are back open except on the inter-island route.

Public questions and comments

The floor was opened for public questions and comments – no one had any.

Overview of Ferry Financing Legislation

Planning Director Ray Deardorf

Ray Deardorf introduced himself as the Planning Director and said he would talk about the ferry financing legislation work. Ray said that our goal is to find sustainable funding, and our path to that is the work we're doing to re-do the long range plan (LRP). He referred to two documents in the packets that were handed out – the presentation and initial forecasting efforts. This is a fast track effort involving a lot of players (Transportation Commission, JTC, WSDOT Ferries Division). We are building upon the 2006 study and direction from the 2007 legislation to deliver the revised LRP in January 2009. The Transportation Commission is conducting customer surveys and the JTC is concentrating on preservation and administrative costs and reviewing the current work. Ray recognized Commissioners Dale Stedman and Phillip Parker.

We are looking at system sizing, the future fleet and terminal improvements. Our timeline is to first look at level of service (LOS) standards and ridership. In June we will be looking at operations and pricing (that's where we would talk about reservations, peak period pricing, off-peak discounts, etc). Over the summer we would draft the LRP and in October, we would come out with a revised plan for review and public comment. We would finalize the plan by the end of the year and deliver it to the Legislature in January 2009.

The LRP will outline options for a stable funding source and address balancing and/or adding capacity, managing demand, and operating efficiently. The first building block is LOS standards. It is like a measuring stick – how do you know when you're congested enough to add service? There are standards adopted by the Transportation Commission. It involves the number of vessels missed during a typical afternoon commute in May. There is a one-boat wait standard for most terminals, but there is a two-boat wait standard for Bainbridge and Mukilteo.

The standards for Anacortes are different. We measure in March and August which sailings leave vehicles behind – the standard is that no more than 25 percent of all sailings should leave vehicles behind. We are nowhere near 25 percent in March, but we get close to 25 percent in August.

We are proposing a different approach to how we view LOS. When the LOS standard is triggered, we are proposing to employ different strategies to manage demand, such as reservations, peak pricing, etc. After that we would look at adding capacity. We want your feedback on this concept,

then we will evaluate how we approach this. We are also looking at ridership data to see when standards would be triggered.

Public Questions and Comments

The floor was opened for public questions and comments – no one had any.

Ray moved on to discussing ridership as the second critical building block toward the revised LRP. Ridership has dropped over the last few years. We are looking at local and regional population and employment forecasts. Findings so far include:

- The overall rate of growth is 1.3% per year, or a 37% increase by 2030.
- Vehicle ridership will grow slower than overall ridership
- Passenger ridership will grow faster than overall ridership
- Routes grow at different rates

We acknowledge that more work is needed on the northern routes with recreational traffic. The Anacortes/Sidney route is forecasted to have moderate growth (25 percent). The Anacortes/San Juan Islands route is forecasted to grow faster (33 percent for vehicles). The inter-island route is forecasted to grow 60 percent.

Public Questions and Comments

1. How are you going to finance the ferry system – through car tabs, sales tax, raising fares?
The Transportation Commission will work on that piece. First we will determine growth, how we will manage it, and to what level we will grow the system – that drives the financial needs. That will result in identified revenue needs, and alternative revenue sources will be considered. They don't know the answer yet.
2. Dave Crawford said that the Deception Pass Bridge carried twice the vehicles annually that the Clinton ferry did. The Deception Pass Bridge is near the end of its life – if we lose it like we did the Steel Electrics, could the Clinton run handle 6 million or more cars a year?
Certainly not – that route is maxed out at 2 million vehicles a year. It has been predicted that there will be moderate growth for vehicles (20 percent) but high passenger growth (80 percent). There will be improved transit connections in Mukilteo with the Sounder train. It can't handle that much traffic in its current configuration. It has been suggested to add a third or fourth vessel on the Mukilteo route.
3. Dave Crawford said it is important to decide eventually. We don't want to have another Steel Electrics scenario – we can't put things off. A bridge could pay for itself just in fuel savings.
4. Steve Rodrigues commented about the importance of preserving older ferries.
5. What is the ferry system's plan for the Olympics?
We are participating in the Governor's transportation subcommittee in planning for the Olympics. We are working with the San Juan Islands visitors' bureau and are engaged with the communities. We are planning for operating the Chelan or Elwha for one round trip out of Sidney when we normally don't operate.
6. Why is Sidney insisting on such high fees? Why aren't they more cooperative? How will people travel between the U.S. and Canada during the 2010 Olympics without collaboration?
That is a great question for them. They are in business to make as much money as possible. We have a strong will to continue to go there.
7. Don't we have leverage?
There is a delegation led by Rep. Morris (in attendance) to ask those questions.
8. Have you considered a route to Horseshoe Bay during the Olympics? You could route traffic through Anacortes and bypass Vancouver traffic – go directly to Vancouver instead of Vancouver Island.

No. That would take an internationally certified vessel that could cross the Strait of Georgia, which is very nasty to travel. We don't have any vessels to do that now.

9. There could be a route from the Bellingham terminal to Horseshoe Bay, and people could be pre-cleared at the boat. They could take only foot passengers.

Summation

Assistant Secretary David Moseley

David thanked everyone for coming. We took notes on tonight's conversations, and we will be meeting on them to see how we can respond. He said he wanted and is excited about this job, and it is the ultimate career challenge for this stage of his life. He wants to bring the agency to what it needs to be.

Approximately 60 attendees. Public sign-in included:

Emily Schuh	Bruce & Margaret Evertz	Bill Turner
Eric Schuh	Dave Crawford	Don Escher
Mary Meier	Mitch Everton	Joan Pringle
Jerry Meier	Robin Pestarino	Bud Ryan
Linda Harvey	Bill Short	Art Shotwell
Blair Scanlan	Brian Geer	Don Wick
Dale Stedman	Pam Anditti	Phillip Stroud
Steve Rodrigues	Rick Andersen	Bob Hyde
Nick Petrish	Pat Fay-Andersen	Steve Wilhoit
Rita Sullivan	David Rapella	Brad Adams
Mark Lione	Steve & Carolyn Cox	Kevin McKeown
Mark Nilson	Keith Rubin	Phillip Parker
Rep. Norma Smith	Larry Brewster	Dean Maxwell

WSDOT Ferries Division Staff

David Moseley, Assistant Secretary
Traci Brewer-Rogstad, Deputy Director/Chief of Staff
Ray Deardorf, Director of Planning
Jayne Davis, North Regional Operations Manager
David Sowers – Anacortes Terminal Project Manager
Joy Goldenberg, Communications Manager
Laura Johnson, Communications Consultant
Melanie Coon, Communications Manager

Public participants

Anacortes FAC Chair Ian Munce

Written comments submitted (transcribed)

Written comments received by April 30 will be added to this document.

- Keith Rubin
 - Thanks for sharing.
 - Financing is the key. If roads & mass transit continue to be the priority, the ferry system will always get left behind. I think the Leg. Needs to separate Ferry system from WA DOT.
- Robin Pestarino
 - I want to see fiscal responsibility to the ferry system with standard business practices being used.
- Dave Crawford
 - [Proposed Mary Margaret Bridge packet – document scanned - see PDF]